

## Message Text

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ACTION COME-00

INFO OCT-01 EA-09 ISO-00 EB-07 L-03 CIAE-00 INR-07 NSAE-00

TRSE-00 /027 W

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R 120907Z JUL 76

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 7330

UNCLAS SECTION 1 OF 2 MANILA 10126

E.O. 11652: NA

TAGS: BPRO, RP

SUBJ: ENGINEERS OVERSEAS HANDBOOK - 1976 EDITION

REF: STATE A-2642 OF 5/24/76

THIS CABLE IS IN REPLY TO REFAIR ASKING FOR THE EMBASSY'S ASSISTANCE IN OBTAINING DATA WHICH WILL BE USED IN THE PUBLICATION OF THE ENGINEERS OVERSEAS HANDBOOK. THE FOLLOWING ANSWERS ARE KEYED TO THE "BASIC QUESTINNAIRE ENGINEERS OVERSEAS HANDBOOK - 1976 EDITION" ENCLOSED WITH REFAIR. RESPONSES ARE BASED ON INTERVIEW WITH ATTORNEY ERNESTO JAURIGUE, CHIEF, LEGAL DIVISION, PROFESSIONAL REGULATION COMMISSION.

1.A. PRACTICING ENGINEERS ARE REQUIRED BY LAW TO HAVE A LICENSE AS PROVIDED FOR BY REPUBLIC ACT 544.

1.B. AS OF APRIL 1976, THERE ARE 16,315 LICENSED ENGINEERS. THIS FIGURE INCLUDES RETIRED AND OTHERS WHO MAY NOT BE ACTIVELY PRACTICING THE PROFESSION.

1.C. FOREIGN ENGINEERS ARE REQUIRED BY LAW TO BE LICENSED TO PRACTICE IN THE PHILIPPINES.

1.D. THE GOVERNMENT AGENCY RESPONSIBLE FOR LICENSING IS THE BOARD OF CIVIL ENGINEERS OPERATING UNDER THE SUPERVISION OF THE PROFESSIONAL REGULATION COMMISSION.

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1.E. THE LEGAL REQUIREMENTS ARE AS FOLLOWS:

(1) LICENSED ENGINEERS MUST BE AT LEAST 21 YEARS OF AGE, AND A CITIZEN OF THE REPUBLIC OF THE PHILIPPINES.

(2) IF AN ALIEN, APPLICANTS MUST PROVE THAT THE SPECIFIC PROVISIONS OF LAW OF THE STATE OF WHICH HE IS A CITIZEN, SUBJECT, OR NATIONAL ADMITS CITIZENS OF THE REPUBLIC OF THE PHILIPPINES TO THE PRACTICE OF THE SAME PROFESSION WITHOUT RESTRICTIONS OR ALLOWS THEM TO PRACTICE AFTER EXAMINATION ON TERMS OF ABSOLUTE EQUALITY WITH CITIZENS, SUBJECTS, OR NATIONALS OF THE COUNTRY CONCERNED INCLUDING THE UNCONDITIONAL RECOGNITION OF THE DEGREES ISSUED BY PHILIPPINE INSTITUTIONS OF HIGHER LEARNING DULY RECOGNIZED FOR THE PURPOSE BY THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES.

(3) APPLICANTS FOR A LICENSE MUST PASS A TECHNICAL EXAMINATION GIVEN BY THE BOARD OF CIVIL ENGINEERS. HOWEVER, THE BOARD OF EXAMINERS EXEMPTS U.S. ENGINEERS FROM TAKING THE LICENSING EXAMINATION IF THE HOME STATE OF THE ENGINEER GRANTS THE SAME RIGHTS TO PHILIPPINE ENGINEERS. IF THERE IS NO RECIPROCITY, THE U.S. ENGINEER WOULD BE REQUIRED TO TAKE THE LICENSING EXAMINATION.

(4) BE A GRADUATE OF A COURSE IN CIVIL ENGINEERING IN A SCHOOL OR UNIVERSITY RECOGNIZED BY THE GOVERNMENT OF THE STATE WHERE IT WAS ESTABLISHED.

(5) BE OF GOOD REPUTATION AND MORAL CHARACTER.

2. THERE ARE TWO PROFESSIONAL SOCIETIES:

(1) PHILIPPINE INSTITUTE OF CIVIL ENGINEERS

160-A LL BUILDING  
CORNER PANAY AVENUE AND E. DELOS SANTOS AVENUE  
DILIMAN, QUEZON CITY, PHILIPPINES

(2) UNITED ARCHITECTS OF THE PHILIPPINES

ROOM 408 DELTA MOTORS SALES BUILDING  
WEST AVENUE CORNER QUEZON BOULEVARD EXT.  
QUEZON CITY, PHILIPPINES

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3.A. A LOCAL REPRESENTATIVE IS REQUIRED. HE WILL BE RESPONSIBLE FOR FULFILLING ENGINEERING CONTRACTS.

3.B. A LOCAL REPRESENTATIVE MUST BE A PHILIPPINE RESIDENT, BUT NOT NECESSARILY A CITIZEN.

3.C. A LOCAL REPRESENTATIVE MAY BE A RESIDENT U.S. CITIZEN.

3.D. IF THE LOCAL REPRESENTATIVE IS EITHER A PARTNERSHIP/  
CORPORATION, IT MUST BE REGISTERED WITH THE SECURITIES AND  
EXCHANGE COMMISSION, IF SOLE PROPRIETORSHIP, THE FIRM  
MUST BE REGISTERED WITH THE BUREAU OF DOMESTIC TRADE.  
LOCAL FIRMS SHOULD SECURE LOCAL PERMITS FROM THE CITY  
OR TOWN WHERE THE BUSINESS IS OFFICIALLY ESTABLISHED.

4.A. THERE ARE NO LAWS REQUIRING LOCAL PARTICIPATION  
IN A CONTRACT INVOLVING A U.S. CONSULTING ENGINEER.

4.B. THERE IS NO LEGAL REQUIREMENT FOR LOCAL EMPLOYEE  
PARTICIPATION.

5.A. IT IS NOT THE USUAL PRACTICE TO REQUIRE CONSORTIUM  
TYPE BIDS. THE PROFESSIONAL REGULATION COMMISSION  
CONSIDERS IT UNETHICAL TO BE THE DESIGNER AND AT THE  
SAME TIME THE BUILDER.

5.B. CONTRACTS WITH CONSULTING ENGINEERS ARE NEGOTIATED  
AS IT IS UNETHICAL TO BID PROFESSIONAL SERVICES.

5.C. NOT APPLICABLE.

5.D. IT IS NOT A ROUTINE PROVISION THAT SETTLEMENT OF  
DISPUTES SHOULD BE BY INTERNATIONAL ARBITRATION. THE  
TERMS OF LOCAL CONTRACTS PROVIDE THAT THE FINAL ARBITER  
IS THE LOCAL COURT OF JUSTICE IN ANY DISPUTE THAT MAY  
ARISE.

5.E. IT IS THE PRACTICE TO REQUIRE PREBID FINANCIAL  
GUARANTEES IN THE FORM OF CASH DEPOSITS, BANK GUARANTEES,  
BID BONDS AND OTHER INSTRUMENTS ACCEPTABLE TO LOCAL  
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GOVERNMENT AGENCIES.

5.F. THERE IS NO DISCRIMINATION AGAINST U.S. CONSULTING  
ENGINEERS.

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R 120907Z JUL 76

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 7331

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6. THERE ARE NO LIMITING REGULATIONS THAT MAY PERTAIN  
TO U.S. CONSULTING ENGINEERS OR FIRMS.

7. FOREIGN EXCHANGE FOR REMITTING SERVICE FEES OF MORE  
THAN \$100 IS MADE AVAILABLE IF THE APPLICATION IS SUPPORTED  
BY DOCUMENTS ATTESTING TO THE NATURE, PURPOSE, AND  
LEGITIMACY OF THE SERVICE RENDERED.

8.A. U.S. CONSULTING FIRMS MUST PAY LOCAL CORPORATE AND  
OTHER TAXES.

8.B. THE CORPORATE TAX RATES ARE:

(1) TWENTY FIVE PERCENT OF NET INCOME UP TO ONE  
HUNDRED THOUSAND PESOS (P100,000).

(2) THIRTY FIVE PERCENT OF NET INCOME IN EXCESS OF  
ONE HUNDRED THOUSAND PESOS (P100,000).

(3) TWENTY FIVE PERCENT OF UNDISTRIBUTED PROFITS.

8.C. DOMESTIC ENGINEERING FIRMS ARE REQUIRED TO PAY THE  
SAME RATE OF CORPORATE TAXES, PLUS THREE PERCENT CONTRACTORS  
TAX ON GROSS RECEIPTS, IF THE DOMESTIC CORPORATION IS  
ENGAGED IN CONTRACTING.

8.D. U.S. CONSULTANT CAN ORGANIZE AN OVERSEAS BRANCH  
OF HIS U.S. FIRM AND BE TAXED IN ACCORDANCE WITH ITEM 8.B.,  
AS A RESIDENT FOREIGN CORPORATION.

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8.E. THERE IS NO ADVANTAGE TAX WISE TO INCORPORATING  
LOCALLY.

9.A. EXPATRIATE EMPLOYEES OF U.S. CONSULTING FIRMS ARE

SUBJECT TO LOCAL INCOME AND OTHER APPLICABLE TAXES ONLY  
ON GROSS INCOME DERIVED FROM WITHIN THE PHILIPPINES.

9.B. THE INDIVIDUAL INCOME TAX RATE PROGRESSES FROM 3  
PERCENT OF 2,000 PESOS UP TO 70 PERCENT OF 500,000 PESOS.  
THERE IS A CAPITAL GAIN TAX OF 20 PERCENT FOR INDIVIDUALS.

9.C. NORMALLY, CUSTOMS DUTIES ARE LEVIED ON ALL IMPORTED  
ITEMS. EXCEPTIONS ARE CONTRACTS WITH THE NATIONAL POWER  
CORPORATION (A GOVERNMENT AGENCY). PERSONAL AND  
HOUSEHOLD EFFECTS, EXCEPT THOSE OF ALIEN EXECUTIVES  
OR REGIONAL OR AREA HEADQUARTERS OF MULTINATIONAL CORPORA-  
TIONS, ARE NORMALLY SUBJECT TO CUSTOMS DUTIES AND COMPENSATING  
TAXES.

10. BUREAU OF PUBLIC WORKS - PORTS AND HARBORS DEVELOPMENT,  
IRRIGATION PROJECTS.

BUREAU OF PUBLIC HIGHWAYS - ROAD, HIGHWAY, AND  
BRIDGE CONSTRUCTION

CIVIL AERONAUTICS ADMINISTRATION - AIRPORT DEVELOPMENT.

METROPOLITAN WATERWORKS AND SEWERAGE AUTHORITY-  
WATER AND SEWER DEVELOPMENT.

NATIONAL POWER CORPORATION - POWER GENERATION,  
ELECTRIFICATION PROJECTS.

NATIONAL ELECTRIFICATION ADMINISTRATION - RURAL  
ELECTRIFICATION PROJECTS.

NATIONAL IRRIGATION ADMINISTRATION - IRRIGATION  
PROJECTS.

PHILIPPINE NATIONAL RAILWAY - RAILROAD CONSTRUCTION  
AND DEVELOPMENT.

11.A. TAGALOG AND ENGLISH ARE BOTH THE OFFICIAL LANGUAGES  
IN THE PHILIPPINES. ENGLISH IS SPOKEN OR UNDERSTOOD BY  
APPROXIMATELY 40 PERCENT OF THE POPULATION AND IS MOST  
COMMONLY USED IN BUSINESS CORRESPONDENCE.

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11.B. THE METRIC SYSTEM OF WEIGHTS AND MEASURE IS USED.

12. ACCORDING TO INFORMED SOURCES, FRINGE BENEFITS PAID  
BY MOST INDUSTRIAL AND ENGINEERING FIRMS VARY BETWEEN  
27 AND 30 PERCENT OF TOTAL WAGE COST.  
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